

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Competitive Product Prices
Inbound Air Parcel Post (at UPU Rates)
(MC2010-11)

Docket No. CP2013-27

PUBLIC REPRESENTATIVE COMMENTS ON
POSTAL SERVICE NOTICE CONCERNING CHANGE IN
RATES NOT OF GENERAL APPLICABILITY FOR
INBOUND AIR PARCEL POST AT UPU RATES

(December 21, 2012)

The Public Representative hereby provides comments pursuant to Order No. 1582.¹ In that Order, the Commission established the above referenced docket to receive comments from interested persons, including the undersigned Public Representative, on a Postal Service Notice of a change in rates not of general applicability for Inbound Air Parcel Post (at UPU Rates).² Those rates, which are presented in Attachment 3 (under seal) to the Postal Service's Notice, were previously announced by the Universal Postal Union (UPU) on September 17, 2012.³ The intended effective date is January 1, 2013. Notice at 1. No classification changes are proposed for Inbound Air Parcel Post. *Id.* at 2.

¹ PRC Order No. 1582, Notice and Order Concerning Changes Affecting Inbound Air Parcel Post (at UPU Rates), December 17, 2012.

² Notice of United States Postal Service of Filing Changes in Rates Not of General Applicability and Application for Non-Public Treatment of Materials Filed Under Seal, December 14, 2012 (Notice).

³ IB Circular 160, Parcel Post—Inward Land Rates Applicable from 1 January 2013, September 17, 2012. Article RC 193.3 of the UPU's Parcel Post Regulations permit modification of air parcel post inward land rates twice each year on January 1st and July 1st. Notice at 2, note 3. The modifications reflect bonus payments based upon the provision of certain value-added services by designated postal operators, and the achievement of performance targets, where applicable, as well as an inflation adjustment.

The current inward land rates for air parcel post, effective July 1, 2012, were previously announced by the UPU on March 26, 2012. IB Circular 60, Parcel Post—Confirmation of Inward Land Rates Applicable from 1 July 2012, March 26, 2012. In Order No. 1384, the Commission determined that the inward land rates implemented by the Postal Service on July 1, 2012, comport with the statutory requirements for competitive products. PRC Order No. 1384, Order Accepting Price Changes for Inbound Air Parcel Post at UPU Rates, Docket No. CP2012-32, June 26, 2012.

Prices and classifications not of general applicability for Inbound Air Parcel Post at UPU Rates were previously established by Governors' Decision No. 09-15, issued November 16, 2009.⁴ In Order No. 362, Commission approved the addition of Inbound Air Parcel Post (at UPU Rates) to the competitive product list.⁵

In this proceeding, the Postal Service asserts that the new rates for Inbound Air Parcel Post (at UPU Rates) presented in its Notice "are in compliance with the requirements of 39 U.S.C. § 3633(a)(2)." Notice at 3. The Postal Service also maintains that the new rates comport with Governors' Decision No. 09-15 in that they "are the highest possible inward land rates for which the Postal Service was eligible based on inflation increases and other factors." *Id.* at 2-3.

COMMENTS

The Public Representative has reviewed the Postal Service's Notice, the attachments thereto, and the supporting financial model filed under seal that accompanied the Postal Service's Notice. Based upon that review, the Public Representative concludes that the rates not of general applicability for Inbound Air Parcel Post at UPU rates satisfy the requirements of 39 U.S.C. §3633(a)(2).

Under section 3633(a), the criteria for Commission review are whether the competitive product rates (1) do not result in market dominant products subsidizing competitive products, (2) ensure that each competitive product covers its attributable costs; and (3) enable competitive products as a whole to cover an appropriate share of the institutional costs of the Postal Service. In this proceeding, the Postal Service incorporates by reference the explanations of Inbound Air Parcel Post (at UPU Rates) contained in its Request and other materials filed in Docket Nos. MC2010-11 and CP2010-11, justifying a finding of compliance with the statutory criteria. Notice at 2. With respect to criterion (2), the financial model accompanying the Postal Service's

⁴ Request of the United States Postal Service to Add Inbound Air Parcel Post at Universal Postal Union (UPU) Rates to the Competitive Products List, Notice of Establishment of Prices and Classifications Not of General Applicability for Inbound Air Parcel Post at UPU Rates Established in Governors' Decision No. 09-15, and Application for Non-Public Treatment of Materials Filed Under Seal, Docket Nos. MC2010-11 and CP2010-11, November 17, 2009 (Request).

⁵ PRC Order No. 362, Order Adding Inbound Air Parcel Post at UPU Rates to Competitive Product List, Docket Nos. MC2010-11 and CP2010-11, December 15, 2009.

Notice supports a conclusion that the rates for Inbound Air Parcel Post (at UPU Rates) comply with section 3633(a)(2).

The Public Representative respectfully submits the foregoing comments for the Commission's consideration.

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